

Monterey Peninsula Unified School District

700 Pacific Street P.O. Box 1031 Monterey, CA 93942-1031
October 1, 2001

Honorable Robert O'Farrell
Presiding Judge of the Superior Court – 2001
Grand Jury – County of Monterey
Salinas, CA 93902

Dear Judge O'Farrell:

RE: RESPONSE TO THE 2000 MONTEREY COUNTY CIVIL GRAND JURY

This is in response the Final Report of the 2000 Monterey County Civil Grand Jury, regarding the use of California State Lottery Funds in Monterey County.

Page 23 of the report states "Beyond stating that funds be used exclusively for education, the 1984 law only specifies that no moneys should be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purposes." Although The California Department of Education "recommends" that lottery funds be used for non-recurring expenses, it is left up to the local administrators and elected school boards to determine the actual use of these funds, since each district may have varying needs.

When Proposition 20 became law on March 7, 2000, it stated that 50% of any increase above the 1997-98 level of lottery funding be spent on instructional materials.

Page 24 of the Grand Jury report also states, "at the time of the Grand Jury's survey, there was no evidence that any lottery education reserves were being spent for prohibited purposes in Monterey County."

Our official response to comply with Penal Code Section 933.05, to the recommendations on page 25 of the 2000 Monterey County Grand Jury is:

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| Finding #1: | The district disagrees partially the finding. Monterey Peninsula Unified School District did not spend any lottery funds on salaries. |
| Finding #2: | The district agrees with the finding. |
| Finding #3: | The district agrees with the finding. |
| Finding #4: | The district agrees with the finding. |

Recommendation #1:

The County Superintendent and all Monterey County school districts receiving revenue from the California Lottery, verify that they have established and are maintaining separate accounts for the receipt and expenditure of these funds as required by Section 8880.5 of the California Government Code.

District's Response:

The district has not historically separated Lottery Funds from the district's general fund but will begin doing so in the 2000-2001 fiscal year to comply with California Government Code 8880.5.

Recommendation #2:

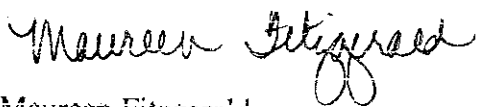
The County Superintendent and all Monterey County school districts review their accounting practices to facilitate tracking and compliance with the new requirements of California's Cardenas Textbook Act of 2000, as defined in Section 8880.4 of the California Government Code.

District's Response:

The district has developed and is implementing accounting practices to track the spending of lottery revenues. Beginning July 1, 2000, the district is compliant with the California Cardenas Textbook Act of 2000 and Section 8880.4 of the California Government Code.

We trust that these responses satisfy the Grand Jury's requirements. Please feel free to contact me at 649-1592, if you need additional information.

Sincerely,



Maureen Fitzgerald
Chief Business Officer

MF:bh

Cc: Dr. Infelise, Superintendent - MPUSD
Susan Balsteri – Foremen 2000
Dr. Bill Barr, County Superintendent of Schools
Board of Trustees – Monterey Peninsula Unified School District